

Export Shipping

The development of a successful export strategy must encompass a thorough knowledge of shipping procedures, documents required, and methods. The mechanics of shipping include: (1) attention to packaging, including banding of bundles, grade stamping, labeling, and color coding; (2) proper documentation; (3) scheduling the best shipping routes and carriers; and (4) an understanding of U.S. and foreign customs, regulations, tariff rates, and plant health or phytosanitary requirements.

Often, the details of export shipping may be handled by a "freight forwarder," who acts as an exporter agent when shipping goods overseas. Freight forwarders are licensed by the Federal Maritime Administration to facilitate the movement of goods from U.S. ports. They may advise the exporter regarding freight costs, port charges, consular fees, documentation fees, insurance, and handling costs. In addition to assuring that the goods arrive overseas in good condition, they review the letter of credit and other necessary documentation and may prepare the ocean bill of lading. After shipment, the forwarder will send all documents to the paying bank to confirm the export of the commodity.

Additional information on freight forwarders may be obtained from port authorities, the International Trade Administration, the U.S. Department of Commerce, banks, or by contacting the National Customs Brokers and Forwarders Association of America at One World Trade Center, Suite 1153, New York, NY 10048. Tel. (212) 432-0050.

USDA's Office of Transportation also helps exporters with problems concerning the

transportation of U.S. agricultural products, including forest products. For further information, see page 27.

Carriers

Three types of ocean carriers ship products overseas. The first are conference lines which consist of an association of ocean carriers providing common rates and services. Individual conference carriers may take independent action and offer shippers lower rates. Also, shippers may form associations to negotiate lower rates with conferences.

The second type of carriers are the independents. Independent rates may be higher than other carriers, but they may also be lower when in direct competition with conference carriers. Both conference and independent carriers operate on regular schedules and trade routes. Independent proprietary carriers include major forest products companies with their own transportation operations. These lines specialize in forest products and other bulk commodity shipping.

The third type of carrier is the tramp vessel. These carriers generally handle only bulk cargo and are not on regular schedules or trade routes. According to the Western Wood Products Association, tramps' economical rates make these carriers the most common means of shipping wood products.

A booking contract is mandatory to reserve space for the cargo on a specified vessel. The contract is binding insofar as the carrier has the right to charge for reserved space that is not used or to charge for canceled reservations without adequate notice.

Terminals

Transporting lumber and other forest products through general cargo terminals can be very expensive. Transportation costs can be significantly reduced by using specialized forest products handling facilities at the ports of export and destination, which will result in lower freight rates and landed costs.

Packaging and shipping

The proper packaging of products is vitally important, particularly when shipments are bound for ports with inadequate handling and storage facilities. Lumber, plywood, and veneer bundles must be securely strapped and protected from such hardships as rough handling, moisture, or weathering. In many foreign ports bundles may be stored uncovered while awaiting pickup or delivery, making proper protection essential. Bundles should be clearly marked according to foreign specifications and include the company logo or color coding.

Wood products are shipped by a variety of methods including break bulk, containers, flat racks, and lash barge. The most common methods are break bulk for lumber and plywood shipments and containers for higher valued shipments such as kiln-dried dimension stock, lumber clears, and veneer.

In general, wood shipments from U.S. Atlantic ports are containerized, whereas those from Gulf and West Coast ports tend to be break bulk. There are exceptions depending on the destination country and the type of wood product shipped. Freight containers are capable of holding

approximately 4,000 board feet of logs or 10,000-14,000 board feet of lumber, depending on the product and moisture content. Maximum cargo weights are, however, limited by carriers to comply with laws established to protect roads and bridges. A 40-foot container, therefore, can only be loaded with about 46,000 pounds of forest products when traveling over U.S. highways. Containers loaded at the port may have higher cargo weights.

Export documentation

The documentation of exports is just as important as the goods you are exporting. Faulty information or incomplete documentation can lead to delays in transporting goods to their destination. The average number of documents required for one shipment of goods being sold abroad is forty-six separate documents. Every country varies as to the number and kind of documents necessary for importing different goods. A freight forwarder, a specialist in the area of exporting, can often provide the necessary documentation for shipping your goods.

The Department of Commerce's district office closest to you or your forwarder can provide you with up-to-date and specific information on export documentation.

Shipper export declarations (SED's)--Shipper Export Declarations (SED's) are very important documents used not only to identify cargo, but also to determine official U.S. export statistics. These trade statistics are used throughout the Government and industry organizations and distributed to the industry. The importance of accurate information on the export declarations cannot be understated.

Forms -- The forms used for export declarations are: SED Form 7525 or 7525-V-Alternate.

These forms and any continuation sheets must be copied. Sample copies may be obtained from the Bureau of the Census, Washington, DC 20233. When privately printing SED's, the forms must conform in every aspect to the official forms in size, wording, color (black ink on buff paper for Form 7525-V), weight of paper stock (not less than 16 nor more than 20 pounds commercial substance), and arrangement, including printing the Office of Management and Budget Approval Number in the upper right-hand corner of the face of the form. The alignment of form 7525-V corresponds with air waybills and other vertically oriented documents while form 7525-V-Alternate corresponds with the ocean bill of lading and other horizontally oriented documents. (See sample documents in appendix II.) However, either form may be used regardless of the method of transportation or destination.

The Bureau of the Census offers the Automated Reported Program, through which exporters, carriers, or freight forwarders may submit monthly reports by computer (tape, floppy disk, or direct transmission). For further information on this program, contact the Automated Data Reporting Branch, Department of Commerce, Tel. (301) 457-2255.

When required -- SED's are required for nearly all shipments (see Exemptions section below for exemptions) from the United States, Puerto Rico, U.S. or Puerto Rican Foreign Trade Zones (FTZ), and the U.S. Virgin Islands. SED's are not required for shipments from the United States or Puerto Rico to U.S. possessions, except to the U.S. Virgin Islands, or from a U.S. possession to the United States or Puerto Rico.

Number of Copies Required

- a) One copy for shipments to Canada, Puerto Rico, and the U.S. Virgin Islands;
- b) One copy for exports through the U.S. Postal Service; and
- c) Two copies for all other shipments.

Additional copies may be required for export control purposes by the International Trade Administration, other government agencies (when authorized), customs directors, or the local postmaster.

Preparation -- The SED must be prepared in English in a permanent medium (ink, typewritten, etc.) with the original signed (a signature stamp is acceptable) by the exporter or an authorized agent of the exporter. The agent must be authorized by a power-of-attorney, or item #23 on form 725-V (an informal power-of-attorney) must be completed.

Requirement for separate SED's -- Separate SED's are required for each shipment from one exporter to one importer on a single carrier (including each rail car, container, or other vehicle). However, customs directors may waive this requirement if multiple car shipments are made under a single loading document and cleared simultaneously. Also, merchandise requiring a validated export license cannot be reported on the same SED with goods moving under a general export license.

Presentation

- a) Postal shipments—SED's must be delivered to the postmaster when the packages are mailed.

- b) Pipeline shipments—SED's must be submitted to the customs director within 4 working days after the end of the calendar month.
- c) All other shipments—SED's must be delivered to the exporting carrier before exporting.
- d) Exporting carriers are required to file SED's and manifests with customs.
- e) Shipments from an interior point—SED's may accompany the goods being transported to the exporting carrier or the port of exportation, or they may be delivered directly to the exporting carrier.
- f) Shipments exempt from SED filing requirements—a reference to the exemption must be noted on the bill of lading, air waybill, or other loading document for verification that no SED is required.

Corrections -- Corrections, amendments, or cancellations of data may be made directly on the SED if it has not already been sent to the Bureau of the Census. If the SED has been sent to the Bureau, any corrections, cancellations, or amendments must be filed on a copy of the original SED marked "Correction Copy" and filed with the customs director or the Postmaster where the declaration was originally presented.

Retention of shipping documents -- Three years is the usual length of time that the Bureau of the Census, U.S. Customs Service, and the International Trade Administration require exporters or their agents to produce copies of shipping documents.

Exemptions:

- a) Shipments (excluding postal shipments) that meet all of the following requirements: the value of the goods under each schedule B number or HS code is \$1,500 or less, a validated export license is not required, and the goods are shipped to countries not prohibited by the Export Administration Regulations.
- b) Shipments through the U.S. Postal Service that do not require a validated export license. These are: (1) when the goods are valued \$500 or less, (2) if either one of the parties is not a business concern, or (3) the shipment is not for commercial consideration.
- c) In-transit shipments not requiring a validated export license and leaving for a foreign destination by means other than by ocean vessel.
- d) Shipments from one point in the United States to another point by routes passing through Canada or Mexico, and shipments from one point in Canada or Mexico to another point by routes passing through the United States.

Administrative provisions -- SED's and the information that is written on them are confidential and are exempted from the Freedom of Information Act. SED's are only for official purposes authorized by the Secretary of Commerce in accordance with 13 U.S.C. Section 301. Neither Commerce nor the Census Bureau will give out the information to anyone except the exporter or his or her agent.

Information from SED's (except common information—that is, information found on both the SED and the manifest) may not be copied from manifests. Other exporters may not give SED's or their information to anyone for unofficial purposes (for example, if the customer requests a copy

of the SED).

Copies of the SED's may be supplied to exporters or their agents when they are needed to comply with official requirements; for instance, authorization for export, export control requirements, or USDA requirements for proof of export in connection with subsidy payments. These copies will be stamped "Certified" and are not for any other use and may not be reproduced in any form.

When the Secretary of Commerce or a delegated person determines that withholding information on a particular SED is contrary to "national interest," the Secretary or delegate may make the information available while taking safeguards and precautions as deemed appropriate.

An SED presented for export is a representation by the exporter that all statements and information follow the export control regulations. The product described on the SED must be described in the same manner on all applicable licenses.

It is unlawful to knowingly make fake or misleading representations for exportation. This is a violation of the Export Administration Act 50 U.S.C. App 2410. It is also a violation of export control laws and regulations to be connected in any way with an altered SED.

Goods that have been, are being, or for which there is probable cause to believe they are intended to be exported in violation of the Export Administration Act are subject to seizure, detention, condemnation, or sale under 22 U.S.C. section 401.

To knowingly make false or misleading statements relating to information on the SED is a criminal offense subject to penalties in 18 U.S.C. section 1001.

Violations of the Foreign Trade Statistics Regulations (FTSR) are subject to civil penalties as authorized by 13 U.S.C. section 305.

Regulations -- Detailed information about the SED and its preparation is contained in the FTSR (15 CFR Part 30). Also, the FTSR should be consulted for special provisions under particular circumstances. Copies may be purchased from the Bureau of the Census, Washington, DC 20233. Information concerning export laws and regulations of the International Trade Administration is contained in the Export Administration Regulations, which may be purchased from the Government Printing Office, Tel. (202) 512-1800.

Reference Schedules

Schedule B—Statistical Classification of Domestic and Foreign Commodities from the United States. For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402 and local U.S. Customs District Directors.

Schedule C—Classification of Country and Territory Designations for U.S. Foreign Trade . Free from the Bureau of the Census, Washington, DC 20233 . Also included as part of Schedule B and USTSA.

Schedule D—Classification of Customs Districts and Ports. Free from the Bureau of the Census. Also included as part of Schedule B and USTSA.

Schedule K—Classification of Foreign Ports by Geographic Trade Area and Country. Also free

from the Bureau of the Census.

Foreign Trade Statistics Regulations—For sale by the Bureau of the Census.

Exporting checklist -- The following checklist is a general guide outlining the steps involved in completing an export shipment under a confirmed letter of credit (L/C). The actual procedure will vary according to the bank's financing arrangements and the services provided by the freight forwarders and steamship companies. The price basis (f.o.b., f.a.s., c.i.f., etc.) and the terms of sale agreed upon between the exporter and importer also will affect the procedures followed in exporting. Check first with the international department of your bank and the freight forwarder to determine all financing and documentation requirements and procedures.

- ☐ U.S. exporter and foreign importer agree on the terms of the sale.
- ☐ Importer applies for a letter of credit (L/C) at the foreign bank.
- ☐ Foreign bank issues the L/C to the exporter's bank.
- ☐ Importer sends a purchase order accompanied by a copy of the L/C to the exporter.
- ☐ Exporter prepares the order for shipment, arranges for inland transportation of the shipment to the port, and issues shipping instructions to a freight forwarder.
- ☐ Exporter's freight forwarder selects a suitable vessel, contacts the outbound steamship line office, and books space on a particular vessel. The freight forwarder also collects or prepares the exporting documents, including the inland bill of lading, ocean bill of lading (B/L), and insurance and phytosanitary certificates. (The exporter may arrange for marine insurance through a private insurance company.)
- ☐ Freight forwarder pays the bills due from the outbound steamship line and transmits to the

exporter the original ocean bill of lading, together with the bill covering the inland freight, the stevedoring costs, and the freight forwarder's services.

❑ Exporter prepares a "commercial set"—a negotiable bill of lading, a copy of the L/C, an invoice, a bill for the freight forwarder's charges, insurance certificates, and, if necessary, a customs invoice. The exporter sends the commercial set to the exporter's bank.

❑ Upon receipt and acceptance of the commercial set, the bank pays the exporter covering the shipper's invoice in accordance with the L/C issued by the importer's bank. The bank transmits the commercial set and a debit notice to the importer's bank for payment.

❑ The exporter or freight forwarder sends a non-negotiable copy of the bill of lading to the importer notifying that the cargo has been shipped.

❑ After the vessel has sailed, the outbound steamship line's office sends the manifest to the inbound steamship office, together with non-negotiable copies of the bills of lading, arrival notice, delivery receipt, and container list.

❑ Outbound steamship office submits to the U.S. Customs one non-negotiable copy of the ocean bill of lading with the shipper's export declaration. This must be accomplished within 4 working days of the vessel's clearance from the U.S. port.

❑ Depending on the terms of the sale and financing arrangements, the exporter may be liable for the shipment after the vessel has sailed. Check with the bank, freight forwarder, and insurance company to determine your rights, responsibilities, and liabilities, as well as the proper procedures to follow in completing the export sale.